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Registry No. 299—35

NATIONAL RECOVERY ADMINISTRATION

PROPOSED CODE OF FAIR COMPETITION
FOR THE
COVERED CARPET PADDING
INDUSTRY

AS SUBMITTED ON AUGUST 30, 1933



The Code for the Covered Carpet Padding Industry
in its present form merely reflects the proposal of the above-mentioned
industry, and *none of the provisions contained therein are*
to be regarded as having received the approval of
the National Recovery Administration
as applying to this Industry

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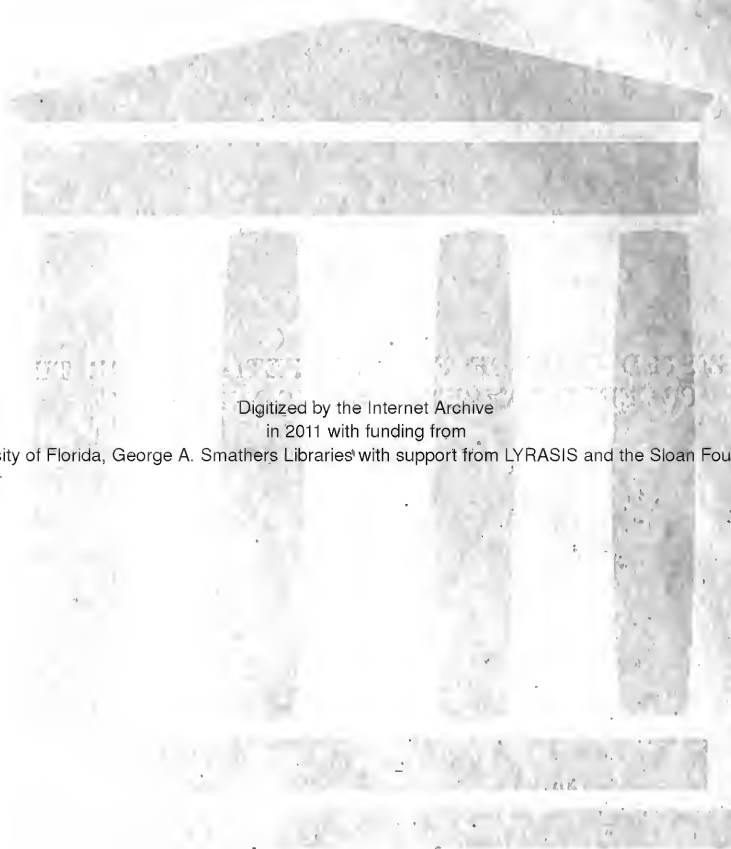
SUBMITTED BY

THE COVERED CARPET PADDING MANUFACTURERS ASSOCIATION

(II)

**SUGGESTED CODE OF FAIR COMPETITION FOR THE
COVERED CARPET PADDING INDUSTRY**

(III)



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THE COVERED CARPET PADDING MANUFACTURERS ASSOCIATION

To effectuate the policy of Title I of the National Industrial Recovery Act, during the period of the emergency, by reducing and relieving unemployment, improving the standards of labor, eliminating competitive practices destructive of the interests of the public, employees, and employers, relieving the disastrous effects of over-capacity, and otherwise rehabilitating the covered carpet padding industry and by increasing the consumption of industrial and agricultural products by increasing purchasing power, and in other respects, the following provisions are established as a code of fair competition for the covered carpet padding industry:

I—DEFINITIONS

The term "covered carpet padding industry" as used herein is defined to mean the manufacture of padded, quilted, paper, and/or cloth covered carpet and rug linings and stair pads. The term "employees" as used herein shall include all persons employed in the conduct of such operations. The term "productive machinery" as used herein is defined to mean carpet lining, sewing and quilting machines, garnetts, lappers, pickers, stitching, and bending machines, and cloth-cutting machines. The term "effective date" as used herein is defined to be August 28, 1933, or if this code shall not have been approved by the President one week prior thereto, then the second Monday after such approval. The term "persons" shall include all natural persons, partnerships, associations, and corporations.

II

On and after the effective date, the minimum wage that shall be paid by employers in the covered carpet padding industry to any of their employees, except learners during a six weeks' apprenticeship, cleaners, and outside employees shall be not less than forty cents per hour unless the hourly rate for the same class of work on July 15, 1929, was less than forty cents per hour, in which latter case the minimum wage shall not be less than the hourly rate on July 15, 1929, and in no event less than thirty cents per hour.

III

The amount of differences existing prior to August 15, 1933, between the wage rates paid various classes of employees (receiving more than the established minimum wage) shall not be decreased. In no event, however, shall any employer pay any employee a wage rate which will yield a less wage over a work week of 40 hours than such employee was receiving for the same class of work for the

longer week of 48 hours or more prevailing prior to August 15, 1933.

It shall be a function of the Planning and Fair Practice Agency provided for in Article VIII of the Code to observe the operation of these provisions and recommend such further provisions as experience may indicate to be appropriate to effectuate their purposes.

IV

On and after the effective date, employers in the covered carpet padding industry shall not operate on a schedule of hours of labor for their employees—except repair-shop crews, engineers, electricians, firemen, office and supervisory staff, shipping, watching and outside crews, and cleaners—in excess of forty hours per week, but there shall be no limitation on shifts or machine-hours.

V

On and after the effective date, employers in the covered carpet padding industry shall not employ any minor under the age of sixteen years.

VI

With a view to keeping the President informed as to the observance or nonobservance of this Code of Fair Competition, and as to whether the covered carpet padding industry is taking appropriate steps to effectuate the declared policy of the National Industrial Recovery Act, each person engaged in the covered carpet padding industry will furnish on request duly certified reports in substance as follows and in such form as may hereafter be provided:

(a) *Wages and Hours of Labor*.—Returns every four weeks showing actual hours worked by the various occupational groups of employees and minimum weekly rates of wages.

(b) *Reports of Production, Stocks, and Orders*.—Weekly returns showing production in yards and bales in each of the staple classes or broad divisions of the industry; finished yards or bales on hand, both sold and unsold; and unfilled orders stated in yards or bales. Rayford W. Alley, of 111 Broadway, New York, is constituted temporary secretary of the Association and the agency to collect and receive such reports.

VII

To effectuate the policies of the Act the following practices have been agreed upon:

(a) The minimum hourly rate of wages herein set down shall be posted in easily legible form in each person's place or places of manufacture in a conspicuous place where it can be readily seen by each employee and by representatives of the Association.

(b) All persons in the covered carpet padding industry shall register their productive machinery with the secretary of the Association and no additional productive machinery shall be installed by members of the Association unless except by the approval of the Board of Directors.

(c) The Secretary of the Association and/or his duly authorized representative only with the consent of the board of directors shall have free access to the plants, books, and records of the members of the Association for the purpose of determining and reporting on the industry and the observance of the Code by members of the Association.

(d) No merchandise to be shipped on consignment.

(e) Sale of merchandise to retailers to be sold on standard terms—5/10 or 4/10-60 Ex.

(f) There shall be no rebate or any advertising allowance or concessions of any kind, either direct or indirect, to retailers regardless of quantity.

(g) *Selling below cost.*—It is agreed that no manufacturer will sell his regular merchandise at a net price or net prices below his cost.

(h) Selling below cost is unfair competition.

(i) The Board shall appoint a supervising agency to determine a mean cost for the industry.

Mean costs may be adjusted from time to time by the Board as conditions warrant.

(j) Mean costs are to include all items of expense such as materials, labor, manufacturing expense, administration expense, selling expense, and a reasonable charge for the use of capital invested.

(k) Mean costs so determined by the Board will be binding on all covered carpet padding manufacturers.

(l) All statistical data and reports submitted by employers under this code will be held confidential and to this end the Board of Directors shall engage an outside and independent agency to act as a clearing house for all such confidential information none of which shall be available to any member of the Board of Directors, the books of account and records, files and other data of every employer will be available at all times during the regular business hours for inspection by the representatives of the supervising agency to be engaged by the Board of Directors.

(m) Violation by any manufacturer of any of the provisions of this code or of any approved rule issued thereunder is an unfair method of competition.

(n) This code is not designed to promote monopolies. The provisions of this code shall not be so interpreted or administered as to eliminate or oppress small enterprises or to discriminate against them.

(o) *Filing of Specifications.*—No manufacturer shall introduce and offer for sale during any season any grade of merchandise unless the specifications for such grade have been filed by him with the Association thirty days prior to his intention of offering such grade to the general trade.

(p) *Copying of Grades.*—Each manufacturer agrees that he will not produce in an inferior grade a copy of a running line grade produced by any other manufacturer.

(q) *Invoicing and Marking.*—Each manufacturer agrees that the merchandise shipped to his customers will be correctly described and priced on the invoices which are issued covering such merchandise.

(r) *Return Merchandise*.—All sales of merchandise shall be final and no manufacturer shall accept the return of any merchandise, either for exchange or credit, except where the quality of the merchandise is in question.

(s) *Definition of Wholesalers*.—A wholesaler is an organization who carries a stock of representative lines of any manufacturer for resale purposes to the retail trade only.

(t) *Compensation for Losses*.—No manufacturer shall guarantee any retail or wholesale distributor against, or compensate him for any losses arising through the sale of the products of this industry.

(u) *Donations*.—It shall be considered as unfair competition for any manufacturer to make any donation or contribution in the form of cash, credit, advertising, or other gratuitous consideration to any retailer.

(v) *Protection*.—Each manufacturer agrees that price protection or stock protection will not be extended to retail dealers or wholesale distributors in the event of any decline in prices. It is agreed, also, that no manufacturer will sell or consign his merchandise to any distributor who does not conform to the above practice.

(w) *Selling at Published List Prices*.—Upon the adoption of this Code no manufacturer shall sell any regular merchandise for less than his published list prices.

(x) *Wholesaler Relations*.—It shall be a condition of sale on the part of any manufacturer to any wholesaler that the wholesaler in the distribution of that manufacturer's product shall strictly adhere to resale terms and prices issued to the retailer by the manufacturer whose merchandise he is selling.

(y) All quotations of prices are to be f.o.b. the point of manufacture.

VIII

To further effectuate the policies of the Act, the covered carpet padding industry committee, the applicants herein, or such successor committee or committees as may hereafter be constituted by the action of the signers of this proposed Code, is set up to cooperate with the Administrator as a planning and fair practice agency for the covered carpet padding industry. Such agency may from time to time present to the Administrator recommendations based on conditions in the industry as they may develop from time to time which will tend to effectuate the operation of the provisions of this Code and the policy of the National Industrial Recovery Act, and in particular along the following lines:

1. Recommendations as to the requirements by the administrator of such further reports from persons engaged in or proposing to engage in the covered carpet padding industry of statistical information and keeping of uniform accounts as may be required to secure the proper observance of the Code and promote the proper balancing of production and consumption and the stabilization of the industry and employment.

2. Recommendations for the setting up of a service bureau for engineering, accounting, credit, and other purposes to aid the members of the covered carpet padding industry in meeting the conditions of the emergency and the requirements of this Code.

3. Recommendations (1) for the requirement by the Administrator of registration by persons engaged in or proposing to engage in the covered carpet padding industry of their productive machinery, (2) for the requirement by the Administrator that prior to the installation of additional productive machinery by persons engaged or engaging in the covered carpet padding industry, except for the replacement of a similar number of existing productive machinery to bring the operation of existing productive machinery into balance, such persons shall secure certificates that such installation will be consistent with effectuating the policy of the National Industrial Recovery Act during the period of the emergency, and (3) for the granting or withholding by the Administrator of such certificates if so required by him.

4. Recommendations for changes in or exemptions from the provisions of this code as to the working hours of machinery which will tend to preserve a balance of productive activity with consumption requirements, so that the interests of the industry and the public may be properly served.

5. Recommendations for the making of requirements by the Administrator as to practices by persons engaged in the covered carpet padding industry as to methods and conditions of trading, the naming and reporting of prices which may be appropriate to avoid discrimination, to promote the stabilization of the industry, to prevent and eliminate unfair and destructive competitive prices and practices.

6. Recommendations for regulating the disposal of distress merchandise in a way to secure the protection of the owners and to promote sound and stable conditions in the industry.

7. Recommendations as to the making available to the suppliers of credit to those engaged in the industry of information regarding terms of and actual functioning of any or all of the provisions of the code, the conditions of the industry, and regarding the operations of any and all of the members of the industry covered by such code, to the end that during the period of emergency available credit may be adapted to the needs of such industry considered as a whole and to the needs of the small as well as the large units.

8. Recommendations for dealing with any inequalities that may otherwise arise to endanger the stability of the industry and of production and employment.

Such recommendations, when approved by the Administrator, shall have the same force and effect as any other provisions of this Code.

Such agency is also set up to cooperate with the Administrator in making investigations as to the functioning and observance of any of the provisions of this Code, at its own instance or on complaint by any person affected, and to report the same to the Administrator.

Such agency is also set up for the purpose of investigating and informing the Administrator on behalf of the covered carpet padding industry as to the importation of competitive articles into the United States in substantial quantities or increasing ratio to domestic production on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of this Code and as an agency for making complaint to the President on behalf of the

covered carpet padding industry, under the provisions of the National Industrial Recovery Act, with respect thereto.

IX

Where the costs of executing contracts entered into in the covered carpet padding industry prior to the presentation to Congress of the National Industrial Recovery Act are increased by the application of the provisions of that Act to the industry it is equitable and promotive of the purposes of the Act that appropriate adjustments of such contracts to reflect such increased costs be arrived at by arbitral proceedings or otherwise, and the Covered Carpet Industry Committee, the applicant for this Code, is constituted an agency to assist in effecting such adjustments.

X

Employers in the covered carpet-padding industry shall comply with the requirements of the National Industrial Recovery Act as follows:

"(1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President."

XI

This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions of Clause 10 (b) of the National Industrial Recovery Act, and from time to time to cancel or modify any order, approval, license, rule, or regulation issued under Title I of said Act, and specifically to the rights of the President to cancel or modify his approval of this Code or any conditions imposed by him upon his approval thereof.

XII

Such of the provisions of this Code as are not required to be included therein by the National Industrial Recovery Act may, with the approval of the President, be modified or eliminated as changes in circumstances or experience may indicate. It is contemplated that from time to time supplementary provisions to this Code or additional Codes will be submitted for the approval of the President to prevent unfair competition in price and other unfair and destructive competitive practices and to effectuate the other purposes and policies of Title I of the National Industrial Recovery Act consistent with the provisions hereof.

THE COVERED CARPET PADDING MANUFACTURERS ASSOCIATION.



